



Frequently Asked Questions about Tax Ceiling and Tax Exemption Information For Disabled or 65 Years of Age or Older

The following questions and answers have been compiled by the City of Arlington from input received from residents and property owners. This document is to be used for general information purposes only.

Who is eligible for a tax ceiling?

The tax ceiling option is designed especially for homeowners who are age 65 and older. Homeowners, who are disabled, regardless of their age, are also eligible.

How does a property tax ceiling (freeze) work?

A homestead tax ceiling limits the amount of taxes one must pay on a residence. Recent state legislation allows cities to hold an election to consider a property tax ceiling for those residents who are disabled or at least 65 years of age. If adopted, City taxes for the people who are 65 or older or disabled will not increase as long as the person owns and lives in his or her home.

The tax ceiling is set at the amount paid to the taxing jurisdiction, in this case the City of Arlington, in the year the person qualifies for the 65 years of age or disabled exemption. If the homeowner currently qualifies for the exemption, the ceiling would be permanently frozen at the amount paid to the City of Arlington in the year in which the tax ceiling is adopted.

If the ceiling is adopted, City property taxes for eligible homeowners will only change under two scenarios. The first would be a decrease in the amount of taxes owed if the tax amount drops below the homeowner's permanent tax ceiling. For example, if the homeowner's tax bill was frozen at \$200, the homeowner could see a decrease in the tax bill if the property tax evaluation lowered the tax bill to \$180. In this case, the homeowner would pay \$180. However, if in the following year, the tax bill went above the \$200 ceiling, the homeowner would again pay the ceiling amount of \$200.

The second change a homeowner might encounter would be an increase in the tax ceiling if the homeowner adds on or makes substantial improvements to his or her home. For example, if the homeowner adds on a garage or room, the tax ceiling would be adjusted upward with the value of the home. The ceiling will not be increased for normal repairs or maintenance to the residence.

What is the legal authority for the property tax ceiling?

House Bill 136 and House Joint Resolution 16 made it possible for cities, counties and junior college districts to grant a per-

manent tax ceiling to homeowners who are disabled or are 65 years of age and older. The Texas Legislature passed House Bill 136, and voters approved the constitutional amendment in September 2003. In Texas, a state mandated ceiling for school property taxes is available for homeowners who are 65 years of age or older or are disabled.

How will adopting the tax ceiling affect current and future homestead exemptions?

Two optional tax exemptions for homestead property are currently offered by the City.

- A 20 percent homestead exemption is offered to all eligible homeowners
- An additional \$60,000 tax exemption is available for eligible homeowners who are disabled or 65 years of age or older.

These optional exemptions can be changed through City Council action. If the City Council changed the age 65 or over or disabled exemption prior to September 2005, it would be reflected in the exemption calculation of the ceiling. Any subsequent changes made by City Council action to the exemptions would affect future homeowners in the year they become eligible for the tax ceiling limit.

If adopted, when would the tax ceiling take effect?

If the tax ceiling election is approved by Arlington voters in February 2005, the total tax bill levied by the City in September 2005 would serve as the ceiling for eligible property owners.

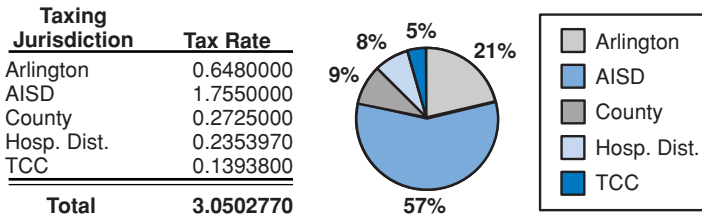
How will a tax ceiling impact the operating budget for the City of Arlington?

Assuming there is a 4.9 percent growth in the value of property over the next 10 years, the revenue loss for the City in 2016 is estimated to be \$6.1 million. If a more conservative 3 percent growth rate in property valuation is assumed, the estimated loss could be \$3.2 million in 2016.

The property tax ceiling is irrevocable. No future City Councils could remove the ceiling for any needed increase to City property tax revenues. If the tax ceiling is enacted, future tax increases to City property tax revenues will be borne by businesses and residents who are not disabled or who are under 65 years of age.

What taxing jurisdictions tax Arlington homeowners?

Arlington homeowners currently pay taxes to five jurisdictions: the City of Arlington, an Independent School District (Arlington, Mansfield or Kennedale), Tarrant County, Tarrant County Hospital District, and Tarrant County College. For those residents in the Arlington ISD, the proportion of tax rates is as follows:



The property tax ceiling election on February 5, 2005 relates only to your City property taxes.

How much does the average property owner in Arlington currently pay in taxes?

The owner of a home valued at \$130,000 pays about \$674 a year in City property taxes. A homeowner in the same home valued at \$130,000, who is disabled or age 65 or older, receives a City \$60,000 exemption and pays about \$285 a year in property taxes. The current City of Arlington property tax rate is 0.6480 per \$100 of property valuation.

How many Arlington residents are currently receiving property tax rate exemptions?

Of the City's 67,571 residential homestead property owners, about 18.5 percent (12,475) receive an exemption because they are either disabled or age 65 or older. A total of 2,274 of the 12,475 City homestead accounts pay no City property taxes due to the current \$60,000 optional exemption.

How many other cities and counties have adopted the tax ceiling?

As of Spring 2004, 18 municipalities, nine counties and two junior college districts in Texas had adopted the ceiling.

How can a tax ceiling become available in Arlington?

A tax ceiling can be adopted by the governing body of any Texas city, town, county or junior college district. Voters can petition for an election to adopt the ceiling with the signatures of five percent of registered voters. In February, Arlington voters will go to the polls to decide whether a tax ceiling option should be granted to homeowners who are disabled or age 65 and older. Early voting will start Thursday, January 20, 2005. Election Day is Saturday, February 5, 2005. For more information about the Election, you may access the City's website at www.ci.arlington.tx.us/citysecretary/election or call the City Secretary's Office at 817-459-6186.

Where can I find more information about the tax ceiling and other property tax exemptions?

Call the Tarrant County Appraisal District at 817-284-4063 or go to www.tad.org.